

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work DRILL	5. Lease Number NMSF-079353 Unit Reporting Number	
1b. Type of Well GAS	6. If Indian, All. or Tribe	
2. Operator ConocoPhillips	7. Unit Agreement Name San Juan 32-8 Unit	
3. Address & Phone No. of Operator PO Box 4289, Farmington, NM 87499 (505) 326-9700	8. Farm or Lease Name 9. Well Number #265A	
4. Location of Well Unit C (NENW), 1135' FNL & 1605' FWL, Latitude 36° 59.2652'N Longitude 107° 38.8590'W	10. Field, Pool, Wildcat Basin Fruitland Coal 11. Sec., Twn, Rge, Mer. (NMPM) Sec. 14 T32N, R08W, NMPM API # 30-045-3 3761	
14. Distance in Miles from Nearest Town	12. County San Juan	13. State NM
15. Distance from Proposed Location to Nearest Property or Lease Line 1135'	17. Acres Assigned to Well FC - 320' W/2	
16. Acres in Lease	17. Acres Assigned to Well FC - 320' W/2	
18. Distance from Proposed Location to Nearest Well, Drig, Compl, or Applied for on this Lease		
19. Proposed Depth 3911'	20. Rotary or Cable Tools Rotary	
21. Elevations (DF, FT, GR, Etc.) 7051' GL	22. Approx. Date Work will Start	
23. Proposed Casing and Cementing Program See Operations Plan attached		
24. Authorized by: <u>Patsy Clugston</u> Sr. Regulatory Analyst	Date <u>5/25/06</u>	

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY: [Signature] TITLE APM DATE 6/26/06

Archaeological Report submitted seperately
Enviromental Assessment is attached.

NOTE: This format is issued in lieu of U.S. BLM Form 3160-3

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or presentations as to any matter within its jurisdiction.

This is not an HPA well

This action is subject to technical and procedural review pursuant to 43 CFR 8169.2 and appeal pursuant to 43 CFR 8169.4

THIS ACTION IS SUBJECT TO TECHNICAL AND PROCEDURAL REVIEW PURSUANT TO 43 CFR 8169.2 AND APPEAL PURSUANT TO 43 CFR 8169.4

NM000
8

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33701		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 31330	*Property Name SAN JUAN 32-8 UNIT		*Well Number 265A
*OGRID No. 217817	*Operator Name CONOCOPHILLIPS COMPANY		*Elevation 7051'

¹⁰ Surface Location

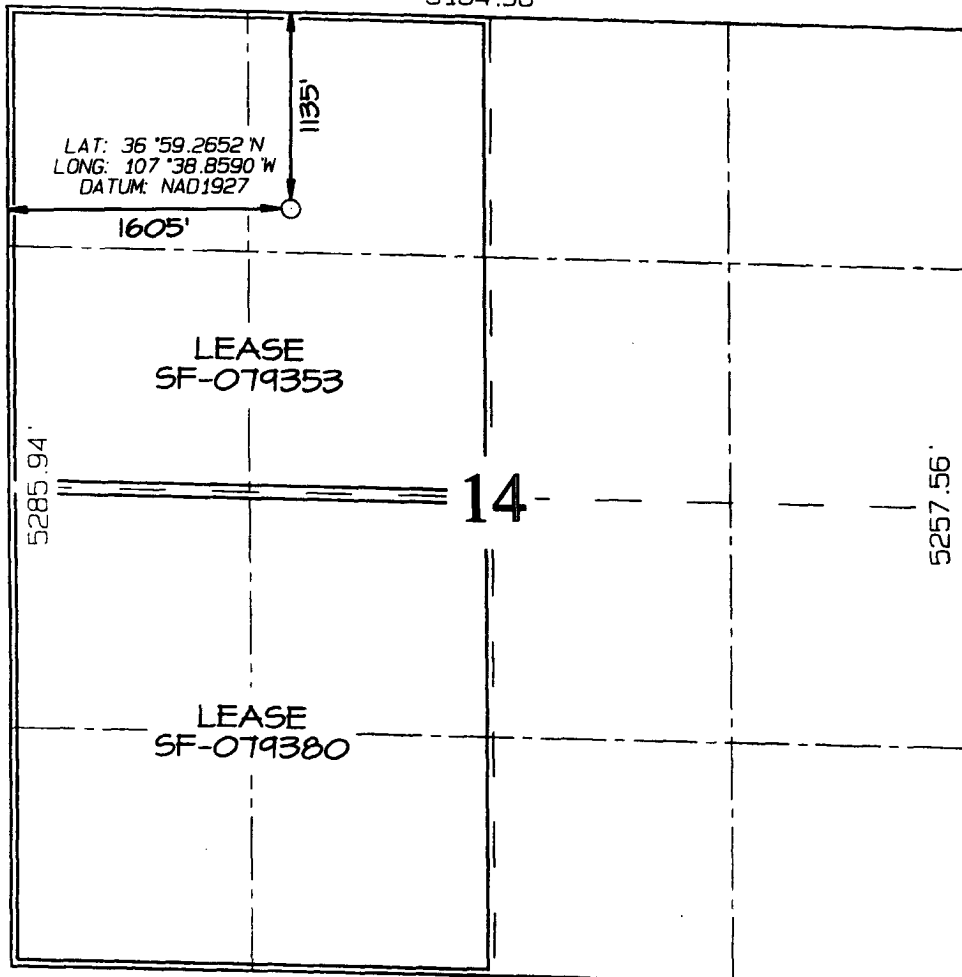
UL or lot no.	Section	Township	Range	Lot Idh	Feet from the	North/South line	Feet from the	East/West line	County
C	14	32N	8W		1135	NORTH	1605	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idh	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320.0 Acres - W/2					¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

5184.96'



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature
Virgil E. Chavez

Printed Name
Virgil E. Chavez

Title
Projects & Operations Lead

Date
May 15, 2006

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief

Date of Survey: MAY 23, 2005

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

Office

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-103

May 27, 2004

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-045- <u>33761</u>
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator ConocoPhillips Company		6. State Oil & Gas Lease No. Federal Lease - NMSF-079353
3. Address of Operator 3401 E. 30TH STREET, FARMINGTON, NM 87402		7. Lease Name or Unit Agreement Name San Juan 32-8 Unit
4. Well Location Unit Letter <u>C</u> : <u>1135</u> feet from the <u>North</u> line and <u>1605</u> feet from the <u>West</u> line Section <u>14</u> Township <u>32N</u> Rng <u>8W</u> NMPM County <u>San Juan</u>		8. Well Number #265A
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 7051' GL		9. OGRID Number 217817
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		10. Pool name or Wilcat Basin Fruitland Coal
Pit type <u>New Drill</u> Depth to Groundwater <u>>100'</u> Distance from nearest fresh water well <u>>1000'</u> Distance from nearest surface water <u>>200'</u> Pit Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume <u> </u> bbls; Construction Material <u> </u>		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

 PERFORM REMEDIAL WORK ☐
 TEMPORARILY ABANDON ☐
 PULL OR ALTER CASING ☐

 PLUG AND ABANDON ☐
 CHANGE PLANS ☐
 MULTIPLE COMPL ☐

OTHER:

New Drill ☒

SUBSEQUENT REPORT OF:

 REMEDIAL WORK ☐
 COMMENCE DRILLING OPNS. ☐
 CASING/CEMENT JOB ☐

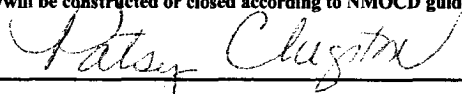
 ALTERING CASING ☐
 P AND A ☐
OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

The pit will be constructed and closed in accordance with Rule 50 and as per the November 1, 2004 guidelines. See the attached diagram that details the location of the pit in reference to the proposed wellhead. The dirll pit will be lined. The drill pit will be closed after the well has been completed.

 I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☒ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE



TITLE

Sr. Regulatory Analyst

DATE

5/24/2006

Type or print name

Patsy Clugston

E-mail address:

pclugston@br-inc.com

Telephone No.

505-326-9518

For State Use Only

APPROVED BY



TITLE

DEPUTY OIL & GAS INSPECTOR, DIST. 0

DATE

JUN 28 2006

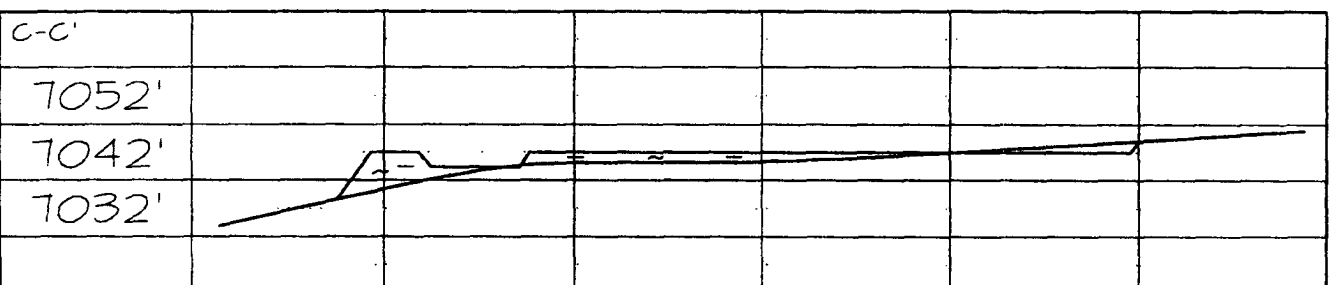
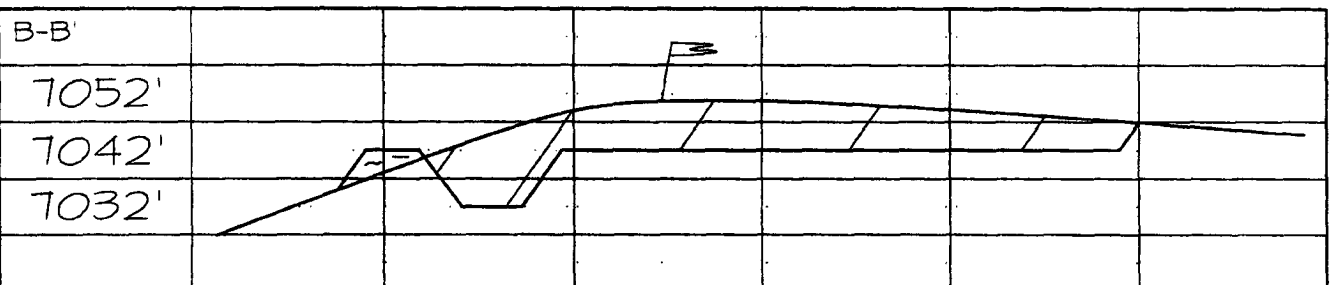
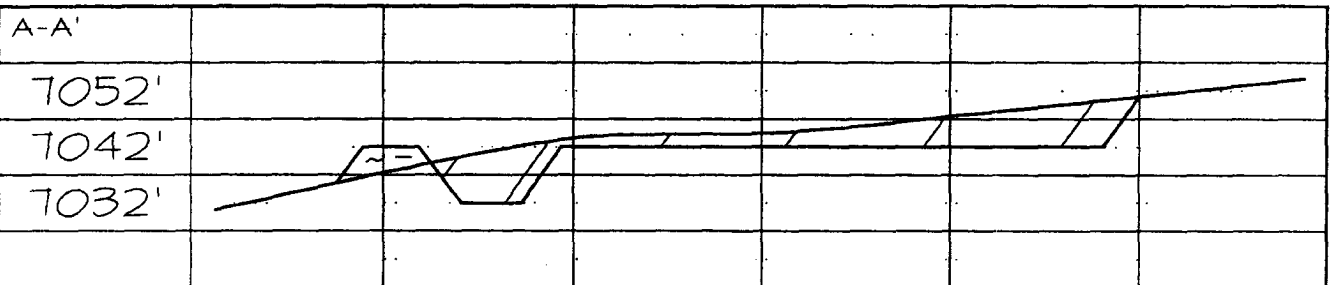
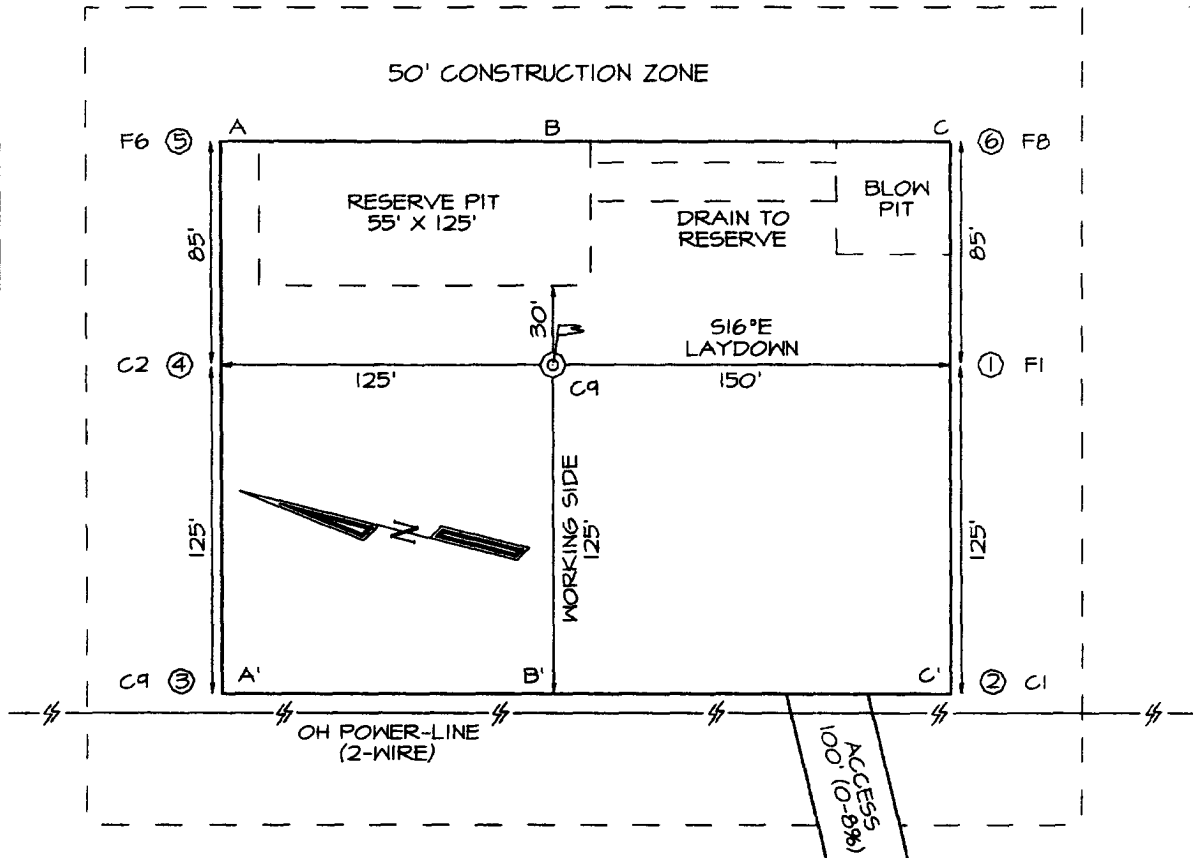
Conditions of Approval (if any):

CONOCOPHILLIPS COMPANY SAN JUAN 32-8 UNIT #265A
1135' FNL & 1605' FWL, SECTION 14, T32N, R8W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 7051'

PLAT NOTE:

SURFACE OWNER
 Bureau of Land
 Management

LATITUDE: 36.98775° N
LONGITUDE: 107.64765° W
 DATUM: NAD1927



PROJECT PROPOSAL - New Drill / Sidetrack

San Juan Business Unit

SAN JUAN 32-8 265A

Lease:		AFE #: WAN.CBM.6114		AFE \$:	
Field Name: 32-8	Rig: 320-2419	State: NM	County: SAN JUAN	API #:	
Geoscientist: Wentz, Robert M.	Phone: 832-486-2056	Prod. Engineer: Limb, H G	Phone: 1-832-486-2427		
Res. Engineer: Price, Ashley G	Phone: 832-486-3060	Proj. Field Lead:	Phone:		

Primary Objective (Zones):

Zone	Zone Name
JCV	BASIN FRUITLAND COAL (GAS)

Location: Surface		Datum Code: NAD 27		Straight Hole	
Latitude: 36.987750	Longitude: -107.647650	X:	Y:	Section: 14	Range: 8W
Footage X: 1605 FWL	Footage Y: 1135 FNL	Elevation: 7051 (FT)	Township: 32N		
Tolerance:					

Location Type:	Start Date (Est.):	Completion Date:	Date In Operation:
Formation Data: Assume KB = 7036 Units = FT			

Formation Call & Casing Points	Depth (TVD in Ft)	SS (Ft)	Depletion (Yes/No)	BHP (PSIG)	BHT	Remarks
Surface Casing	216	6820	<input type="checkbox"/>			12-1/4 hole. 9 5/8" 32.3 ppf, H-40, STC casing. Circulate cement to surface.
NCMT	1106	5930	<input type="checkbox"/>			
CJAM	2456	4580	<input type="checkbox"/>			Possible water flows.
KRLD	2676	4360	<input type="checkbox"/>			
FRLD	3456	3580	<input type="checkbox"/>			Possible gas.
TOP COAL	3581	3455	<input type="checkbox"/>			
BASE MAIN COAL	3701	3335	<input type="checkbox"/>			
PC TONGUE	3776	3260	<input type="checkbox"/>			
TOP LOWEST COAL	3886	3150	<input type="checkbox"/>			
BASE LOWEST COAL	3906	3130	<input type="checkbox"/>			
Total Depth	3911	3125	<input type="checkbox"/>			7 7/8" Hole. 5 1/2", 17 ppf, N-80, LTC Casing. Circulate cement to surface.
PCCF	3916	3120	<input type="checkbox"/>			

Reference Wells:

Reference Type	Well Name	Comments
Intermediate	32-8 #49	
Intermediate	32-8 #46	
Intermediate	32-8 #41	
Intermediate	32-8 #45	

PROJECT PROPOSAL - New Drill / Sidetrack

San Juan Business Unit

SAN JUAN 32-8 265A

Logging Program:

Intermediate Logs: ☐ Log only if show ☐ GR/ILD ☐ Triple Combo

TD Logs: ☐ Triple Combo ☐ Dipmeter ☐ RFT ☐ Sonic ☐ VSP ☐ TDT

Additional Information:

Log Type	Stage	From (Ft)	To (Ft)	Tool Type/Name	Remarks
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Comments: Zones - Well is in the Albino PC Gas Pool so no sump is allowed. APD should include "mudloggers will be used to prevent drilling into the Pictured Cliffs Fm". Use mudloggers 3100' to TD. Planned to be a frac completion, no intermediate casing.

Mud Log from intermediate casing shoe to TD will be obtained.

Drilling Mud Program:

Surface: spud mud

Intermediate: fresh water mud with bentonite and polymer as needed

Below Intermediate: air/mist drilling media with foamer, polymer, & corrosion inhibitor as needed

Centralizer Program:

Surface: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 3rd, & 4th joints

Intermediate: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 4th, 6th, 8th, & 10th joints

Turbolizers placed one per joint from the top of the Ojo Alamo to the top of the Kirtland Shale

Below Intermediate: no centralizers used in air holes. In mud holes centralizers are spaced out appropriately

General/Work Description - Provide funds to drill and complete the Fruitland Coal formation in the San Juan 32-8 # 265A located in the NW 1/4 of Section 14, T32N, R8W, Basin Fruitland Coal Field, San Juan County, New Mexico.

TOPSET FRUITLAND COAL Wells: (topset casing above coal to prepare for cavitation/DO/UR)

Drilling Mud Program:

Surface: spud mud

Intermediate: fresh water mud with bentonite and polymer as needed

Below Intermediate: air/mist/nitrogen drilling media with foamer, polymer, & corrosion inhibitor as needed

Centralizer Program:

Surface: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 3rd, & 4th joints

Intermediate: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 4th, 6th, 8th, & 10th joints

Turbolizers placed one per joint from the top of the Ojo Alamo to the top of the Kirtland Shale

Below Intermediate: no centralizers used in air holes. In mud holes centralizers are spaced out appropriately

CASE & FRAC FRUITLAND COAL Wells: (casing set below coal to prepare for frac completion)

Drilling Mud Program:

Surface: spud mud

Production: fresh water mud with bentonite and polymer as needed

Centralizer Program:

Surface: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 3rd, & 4th joints

Production: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 4th, 6th, 8th, & 10th joints

Turbolizers placed one per joint from the top of the Ojo Alamo to the top of the Kirtland Shale

MESA VERDE Wells:

Drilling Mud Program:

Surface: spud mud

Intermediate: fresh water mud with bentonite and polymer as needed

Below Intermediate: air/mist drilling media with foamer, polymer, & corrosion inhibitor as needed

Centralizer Program:

Surface: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 3rd, & 4th joints

Intermediate: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 4th, 6th, 8th, & 10th joints

Turbolizers placed one per joint from the top of the Ojo Alamo to the top of the Kirtland Shale

Below Intermediate: no centralizers used in air holes. In mud holes centralizers are spaced out appropriately

DAKOTA Wells:

Drilling Mud Program:

Surface: spud mud

Intermediate: fresh water mud with bentonite and polymer as needed

Below Intermediate: air/mist/nitrogen drilling media with foamer, polymer, & corrosion inhibitor as needed

Centralizer Program:

Surface: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 3rd, & 4th joints

Intermediate: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 4th, 6th, 8th, & 10th joints

Turbolizers placed one per joint from the top of the Ojo Alamo to the top of the Kirtland Shale

Below Intermediate: no centralizers used in air holes. In mud holes centralizers are spaced out appropriately

HOLE: 12.25 "
CSG OD: 9.625 "
CSG ID: 9.001 "
WGT: 32.3 ppf
GRADE: H-40
EXCESS: 125 %
DEPTH: 235'

SURFACE:
Option 1
148 sx
30.8 bbls
172.9 cuft
1.17 ft³/sx
15.8 ppg
4.973 gal/sx
Class G Cement
+ 3% S001 Calcium Chloride
+ 0.25 lb/sx D029 Cellophane Flakes
Comp. Strength
6 hrs 250 psi
8 hrs 500 psi
psi

Option 2
143 sx
30.8 bbls
172.9 cuft
1.21 ft³/sx
15.6 ppg
5.29 gal/sx
Standard Cement
+ 3% Calcium Chloride
+ 0.25 lb/sx Flocele
Comp. Strength
6 hrs 250 psi
8 hrs 500 psi

HOLE: 7.875 "
CSG OD: 5.5 "
CSG ID: 4.892 "
WGT: 17 ppf
GRADE: N-80
EXCESS: 150 %
TAIL: 782'

PRODUCTION LEAD:

Option 1
485 sx
234.9 bbls
1319.0 cuft
2.72 ft³/sx
11.7 ppg
15.74 gal/sx
Class G Cement
+ 3% D079 Extender
+ 0.20% D046 Antifoam
+ 10 lb/sx Phenoseal
Comp. Strength
9 hrs 300 psi
48 hrs 525 psi
psi

Option 2
507 sx
234.9 bbls
1319.0 cuft
2.60 ft³/sx
11.5 ppg
14.62 gal/sx
Type III Ashgrove Cement
+ 30 lb/sx San Juan Poz
+ 3% Bentonite
+ 5.0 lb/sx Phenoseal
Comp. Strength
1.47 hrs 50 psi
12 hrs 350 psi
24 hrs 450 psi

Option 3
502 sx
234.9 bbls
1319.0 cuft
2.63 ft³/sx
11.7 ppg
15.92 gal/sx
Class G Cement
+ 3% D079 Extender
+ 0.20% D046 Antifoam
+ 1.0 lb/bbl CemNet
Comp. Strength
3 hrs 100 psi
24 hrs 443 psi

PRODUCTION TAIL:

Option 1
263 sx
61.3 bbls
344.4 cuft
1.31 ft³/sx
13.5 ppg
5.317 gal/sx
50/50 Poz: Class G Cement
+ 0.25 lb/sx D029 Cellophane Flakes
+ 3% S001 Calcium Chloride
+ 2% D020 Bentonite
+ 1.5 lb/sx D024 Gilsontite Extender
+ 0.1% D046 Antifoamer
+ 6 lb/sx Phenoseal
Comp. Strength
3:53 500 psi
8:22 1000 psi
24 hrs 3170 psi
48 hrs 5399 psi

Option 2
259 sx
61.3 bbls
344.4 cuft
1.33 ft³/sx
13.5 ppg
5.52 gal/sx
50/50 Poz: Standard Cement
+ 2% Bentonite
+ 6.0 lb/sx Phenoseal
Comp. Strength
2:05 50 psi
4:06 500 psi
12 hrs 1250 psi
24hrs 1819 psi

Option 3
269 sx
61.3 bbls
344.4 cuft
1.28 ft³/sx
13.5 ppg
5.255 gal/sx
50/50 Poz: Class G Cement
+ 2% D020 Bentonite
+ 5.0 lb/sx D024 Gilsontite Extender
+ 2% S001 Calcium Chloride
+ 0.1% D046 Antifoamer
+ 0.15% D065 Dispersant
+ 1.0 lb/bbl CemNet
Comp. Strength
24 hrs 1850 psi
48 hrs 3411 psi

DEPTH: 3911'

San Juan 32-8 #265A

HOLE: 12.25 "
CSG OD: 9.625 "
CSG ID: 9.001 "
WGT: 32.3 ppf
GRADE: H-40
EXCESS: 125 %
DEPTH: 235'

SURFACE:

PRODUCTION LEAD:

Option 4

458 sx
234.9 bbls
1319.0 cuft
2.88 ft³/sx
11.5 ppg
16.85 gal/sx
Standard Cement
+ 3% Econolite (Extender)
+ 10 lb/sx Phenosaal

Option 5
628 sx
234.9 bbls
1319.0 cuft
2.10 ft³/sx
11.7 ppg
11.724 gal/sx
75% Type XI/25% Class G Cement
+ 0.25 lb/sx D029 Cellophane Flakes
+ 3% D079 Extender
+ 0.20% D046 Antifoam

Comp. Strength
10:56 500 psi
42 hrs 1012 psi

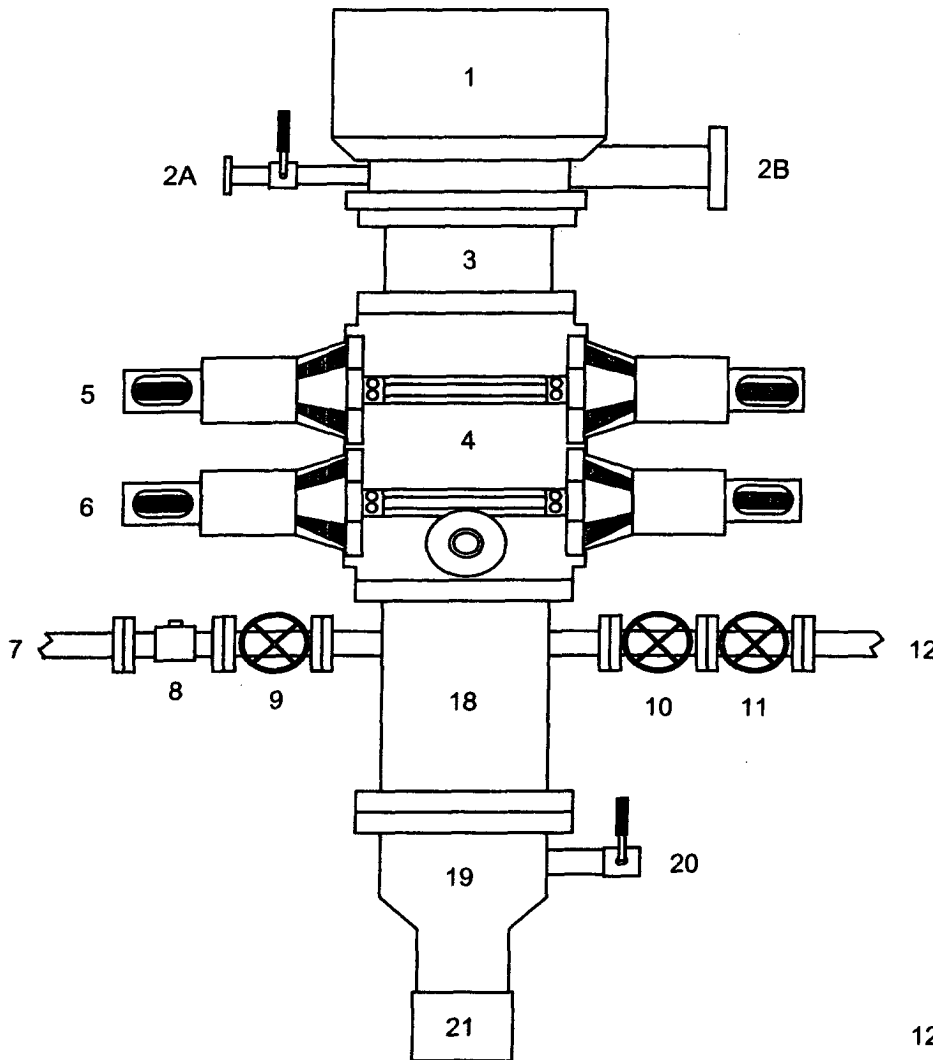
HOLE: 7.875 "
CSG OD: 5.5 "
CSG ID: 4.892 "
WGT: 17 ppf
GRADE: N-80
EXCESS: 150 %

TAIL: 782'

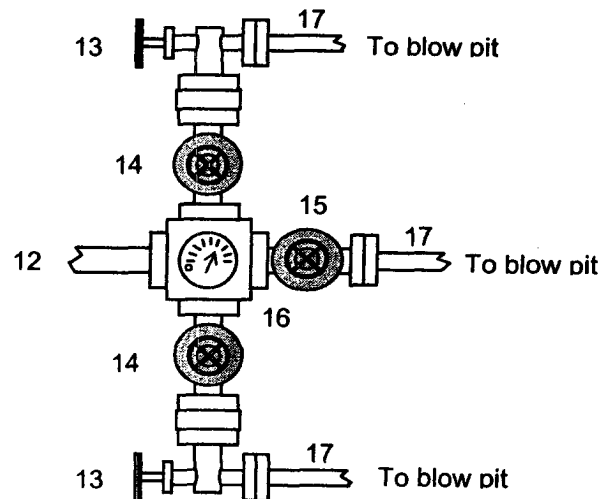
DEPTH: 3911'

PRODUCTION TAIL:

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM
For Drilling to Production Casing Point & Setting 5-1/2" Production Casing



1. Rotating Head
- 2A. Fill-up Line & valve
- 2B. Flowline
3. Spacer Spool
4. Double Ram BOP (11", 3000 psi)
5. Pipe Rams
6. Blind Rams
7. Kill Line
8. Kill Line Check Valve
9. Kill Line Valve
10. Inner Choke Line Valve (3")
11. Outer Choke Line Valve (3")
12. Choke Line (3")
13. Variable Choke
14. Choke Line Valve (2")
15. Panic Line Valve (3")
16. Choke Manifold Pressure Gauge
17. Choke Line (2")
18. Mud Cross Spacer Spool
19. Casing Head "A" Section
20. Casing Head "A" Section 2" Valve
21. 9 5/8" Casing Collar



A 12-1/4" hole will be drilled to approximately 220' and the 9-5/8" surface casing will be run and cemented. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. A test plug will be set in the wellhead and the pipe rams and choke manifold will be tested to 200 psi to 300 psi (low pressure test) for 10 minutes and to 1000 psi (high pressure test) for 10 minutes. Then the test plug will be removed, and the 9-5/8" casing will be pressure tested against closed blind rams to 200 psi to 300 psi for 10 minutes and to 1000 psi for 30 minutes (this value is one 44% of the minimum internal yield pressure of the 9-5/8" casing). (Note: per regulatory requirements we will wait on cement at least 8 hrs after placement before testing the 9-5/8" surface casing). Then a 7-7/8" hole will be drilled to production casing point and 5 1/2" intermediate casing will be run and cemented.

In addition to the equipment in the above diagram the following equipment will comprise the BOP system:

1. Upper Kelly cock Valve with handle
2. Stab-in TIW valve for all drillstrings in use